

Message Text

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SUBJ: GOB EXPANDS TIN SMELTING CAPACITY

1. BOLIVIAN PRESIDENT HUGO BANZER TOOK ADVANTAGE OF THE JUNE 8 INAUGURATION OF AN EXPANDED SMELTING COMPLEX AT VINTO (NEAR ORURO) TO PRAISE THE RECORD OF THE ARMED FORCES IN DEVELOPING THE COUNTRY AND TO PUT THE BRAKES ON INTERNAL PRESSURES FOR RETURN TO FREE POLITICAL ACTIVITY. THIS CABLE REPORTS ON THE AUGMENTATION OF ENAF'S SMELTING CAPACITY. A SEPARATE CABLE WILL BE FILED ON THE POLITICAL SIDE OF THE SPEECH.

2. THE PRESIDENT PROUDLY ANNOUNCED THAT WITH THE NEW SMELTING FACILITIES BOLIVIA BY 1979 WILL NO LONGER EXPORT TIN CONCENTRATES AND INSTEAD WILL SELL ONLY METALLIC TIN. THE NEW CAPACITY OF THE GOVERNMENT OWNED PLANT WILL BE 20,000 TONS. A SECOND PLANT NOW UNDER CONSTRUCTION WILL BE ABLE TO PRODUCE 10,000 METRIC TONS OF TIN FROM LOW GRADE CONCENTRATES IN EARLY 1979. WHEN BOTH OF THESE PLANTS ARE IN FULL PRODUCTION, THEY WILL SMELT 30,000 METRIC TONS OF TIN PER YEAR.

3. THE PRESIDENT UNDERLINED THE GOB'S INTEREST IN PROMOTING THE NATIONALIZED TIN INDUSTRY. HE ALSO EMPHASIZED THAT THE

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SMELTING OPERATIONS REDUCE BOLIVIA'S DEPENDENCE ON THE INDUSTRIAL NATIONS AND MAKE IT MORE THE MASTER OF ITS OWN AFFAIRS. BASIC STRATEGIC INDUSTRY THE PRESIDENT COMMENTED SHOULD BE DIRECTLY UNDER THE CONTROL OF THE GOVERNMENT IN ORDER THAT ALL BOLIVIANS CAN PARTICIPATE IN THE INCOME FROM THE EXPORTATION OF PRIMARY PRODUCTS. THE REDUCTION OF TIN CONCENTRATES TO METALLIC TIN INSIDE THE COUNTRY WILL IMPROVE

BOLIVIA'S FOREIGN EXCHANGE SITUATION, THE PRESIDENT CLAIMED, AND THE INCREASED CAPACITY WOULD BRING ADDED INDEPENDENCE FROM UNNAMED FOREIGN CAPITALISTS.

4. COMMENT: THE EXPANDED SMELTER REPRESENTS A STEP FORWARD IN GOB DEVELOPMENT. MOST BOLIVIANS INVOLVED WITH TIN MINING AND SALES WILL APPLAUD THE DEVELOPMENT WHICH HAS A STRONG APPEAL BOTH FOR ECONOMIC AND NATIONALISTIC REASONS. THE EMBASSY ESTIMATES THAT TIN PRODUCTION THIS YEAR WILL RUN AROUND 33,000 METRIC TONS. IF THIS ESTIMATE IS CORRECT AND PRODUCTION INCREASES ANNUALLY, BOLIVIA IN 1979 OR 1980, WILL STILL BE EXPORTING SOME TIN CONCENTRATES; PERHAPS AS MUCH AS 5,000 MT. HOWEVER, THE 30,000 METRIC TON CAPACITY OF THE GOVERNMENT OWNED SMELTER PLUS THE ANTICIPATED ENLARGED CAPACITY OF PRIVATE SMELTING OPERATIONS COULD GIVE BOLIVIA OVER 90 PCT CAPACITY TO REDUCE ITS CONCENTRATES TO METALLIC TIN. THE PRESIDENT WAS OBVIOUSLY ANXIOUS TO UNDERSCORE THE GOVERNMENT'S DETERMINATION TO IMPROVE ALL NATIONALLY OWNED INDUSTRY PERHAPS IN RESPONSE TO CRITICISM THAT THIS GOVERNMENT HAS TENDED TO FAVOR THE PRIVATE SECTOR AT THE EXPENSE OF THE PUBLIC INTERESTS.

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